**IN THE HIGH COURT OF JUDICATURE AT MADRAS**

**RESERVED ON : 29.05.2026**

**PRONOUNCED ON : 25.08.2026**

**CORAM**

**THE HON'BLE MR.JUSTICE G.R.SWAMINATHAN**

**AND**

**THE HON'BLE MR.JUSTICE V.LAKSHMINARAYANAN**

**WP(Crl)No.1221 of 2026**

**and**

**WP MP(Crl)No.405 of 2026**

V.Lakshmi ... Petitioner

Vs.

1. The Competent Authority
   and District Revenue Officer,
   Chennai District, Chennai – 600 001.

2. The Director, O/o.the Joint Director,
   Enforcement Directorate,
   Chennai Zone-II, 2 & 3rd Floor,
   Murugesa Naicker Complex,
   No.84, Greams Road, Chennai – 600 006.

3. The Official Liquidator,
   Acting as Provisional Liquidator of
   Viswapriya (India) Ltd.,
   Corporate Bhawan Rajaji Salai Chennai. ... Respondents

**Prayer:** Writ petition filed under Article 226 of the Constitution of India, to issue a Writ of Mandamus, directing the first respondent to expeditiously complete the sale of the 5 immovable properties comprised in OA No.2 of 2020 on the file of the Special Court under TNPID Act Chennai and for this purpose direct the Special Court to take up the case on a day-day basis and decide the case expeditiously and in any event before 30.09.2026.

For Petitioner : Mr.M.Ramamoorthi

For Respondents : Mr.N.Ramesh,
Standing counsel for R-2.

Mr.Bayyapu Reddy Chaitanya,
Assistant Official Liquidator for R-3.

Mr.R.Subramanian,
for Mr.Y.Gunasekar,
for Thamaraparani Investments (P) Ltd.,

Mr.H.Karthik Seshadri,
for M/s.Viswa Priya
Investors Welfare Association.

**ORDER**

**(By G.R.SWAMINATHAN, J.)**

Heard both sides.

2.Viswapriya (India) Ltd., was registered under the Companies Act with its registered office at Adyar, Chennai. It was promoted by one R.Subramanian. The said individual is also said to have floated a number of companies. The said companies attracted considerable investments from hundreds of depositors. The establishments committed default. Crime No.5 of 2013 on the file of the Economic Offences Wing, Chennai came to be registered under the relevant provisions of TNPID Act. After completing the investigation, charge sheet was filed. The criminal case ended in conviction and sentence of the accused in C.C No.4 of 2018 on the file of the Special Court for

TNPID Act Cases, Chennai. Appeals have been filed and some of the convicted individuals are still in prison as they are not able to remit the fine amount.

3.Following the registration of criminal cases, the promoter R.Subramanian was arrested and subsequently, he was granted bail on condition. To modify the same, Crl.M.P.No.5 of 2015 in Crl.O.P.No.23901 of 2015 was filed by him. The said MP was ordered on 30.10.2015. While disposing of the said MP, the learned Judge directed that the Government should initiate action to pass orders under Section 3 of the TNPID Act, 1997 within a period of two weeks from the date of receipt of proposal from the EOW. Consequent to the said direction, 5 out the 14 properties of the said Subramanian were attached under Section 3 of the TNPID Act vide G.O.Ms.No.741 Home (Police XIX) Department dated 06.10.2017. To make the said attachments absolute, O.A.No.2 of 2020 was filed by the competent authority-cum-District Revenue Officer, Chennai District under Section 4 of the TNPID Act before the Special Court for TNPID Act, Chennai. The Special Court has not taken the process to its logical conclusion on account of the attachment orders passed under Section 5 of PMLA Act, 2002 by the second respondent herein.

4.It is seen that as many as 1240 persons had invested in the petition-mentioned Company. Out of them, more than 34 have already passed away. Most of the depositors are senior citizens who have invested their retiral benefits. Since the interests of the depositors are involved, we heard the learned counsel for M/s.Viswapriya Investors Welfare Association also.

5.If the properties in question are brought to sale, that would considerably alleviate the sufferings of the depositors. The only reason for not being able to proceed further is the attachment effected by the Enforcement Directorate. The Enforcement Directorate has filed counter-affidavit before us stating that the Special Court cannot proceed further in the matter. The second respondent would claim that the properties attached by the Enforcement Directorate have been identified as proceeds of crime and therefore, their disposal must necessarily adhere to the provisions of PMLA.

6.It is seen that the proceedings initiated against Thiru.Subramanian under the PMLA Act have been stayed by the Hon'ble Supreme Court vide order dated 12.04.2019 in S.L.P. No.11104 of 2019. Therefore, as on date, the action taken by the E.D has been put on hold.

7.The question that calls for consideration is whether the Special Court can proceed further in the matter. As already mentioned, the attachment made under PMLA has been stayed. Even otherwise, the Special Court is obliged to proceed further in the matter in view of Section 14 of the TNPID Act, 1997. Section 14 of the Tamil Nadu Protection of Interests of Depositors (In Financial Establishments) Act, 1997 reads as follows:-

> "**Act to override other laws** - Save as otherwise provided in this Act, the provision of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any custom or usage or any instrument having effect by virtue of any such law."

The validity of the said Act was upheld in ***K.K. Baskaran Vs. State ((2011) 3 SCC 793).*** The Hon'ble Supreme Court held therein as follows:

> "26. The Tamil Nadu Act was enacted to ameliorate the conditions of thousands of depositors who had fallen into the clutches of fraudulent financial establishments who had raised hopes of high rate of interest and thus duped the depositors. Thus the Tamil Nadu Act is not focused on the transaction of banking or the acceptance of deposit, but is focused on remedying the situation of the depositors who were deceived by the fraudulent financial establishments. The impugned Tamil Nadu Act was intended to deal with

neither the banks which do the business or banking and are governed by the Reserve Bank of India Act and the Banking Regulation Act, nor the non-banking financial companies enacted under the Companies Act, 1956.

27.The Reserve Bank of India Act, the Banking Regulation Act and **the Companies Act do not occupy the field which the impugned Tamil Nadu Act occupies, though the latter may incidentally trench upon the former.** The main object of the Tamil Nadu Act is to provide a solution to wipe out the tears of several lakhs of depositors to realise their dues effectively and speedily from the fraudulent financial establishments which duped them or their vendees, without dragging them in a legal battle from pillar to post..."

8.The learned Standing counsel for the Enforcement Directorate contended that the attachment made under PMLA, 2002 would prevail in view of Section 71 of the said Act. It is true that PMLA was enacted subsequently and that too, by the Parliament.

9.That may not make any difference in view of the decision of the Hon'ble Supreme Court in ***National Spot Exchange Limited Vs. Union of India (2025) 8 SCC 393.*** The Hon'ble Supreme Court dealt with the issue as to whether the secured creditors would have priority of interest over the assets attached under the provisions of the MPID Act by virtue of the provisions of the SARFAESI Act and the RDB Act. Section 31B of the RDB Act provided that secured creditors shall have priority and shall be paid in priority over all other debts. Section 34 of the said Act is an overriding clause. Section 26-E and Section 35 of the SARFAESI Act are also on the similar lines. Section 14 of the MPID Act also had an overriding clause as in Section 14 of TNPID Act, 1997. After considering the overall statutory and constitutional scheme, the Supreme Court held that the secured creditors would not have priority of interest over the assets attached under the provisions of the MPID Act. It was held that no priority of interest can be claimed by the secured creditors against the properties attached under the MPID Act and that the provisions of the MPID Act would override any claim for priority of interest by the secured creditors in respect of the properties which have been attached under the MPID Act. The relevant discussion is as under :

> "58....*merely because the SARFAESI Act and the RDB Act which are enacted in respect of the subject-matter falling in List I and having been enacted by Parliament, they could not be permitted to override the MPID Act, which is validly enacted for the subject-matter falling in List II — State List. If such an interpretation is permitted to be made, it would amount to denuding the State of its legislative power to enact and enforce legislation, which is within the exclusive domain of the State, and it would offend the very principle of federal structure set out in*

*Article 246 of the Constitution of India, held to be a part of the basic structure of the Constitution of India*.

...

62....it is held that considering the pith and substance of the State and the Central legislations in question, the Central legislations i.e. **the Sarfaesi Act or the RDB Act cannot be permitted to prevail over the State legislation i.e. the MPID Act, merely because the Central legislations are enacted by Parliament.** Since all these Acts have separate field of operations, provisions of the Sarfaesi Act or the RDB Act cannot be permitted to override the provisions of the MPID Act, which is a validly enacted State legislation, otherwise it would tantamount to violation of federal structure doctrine envisaged in the Constitution. The respective legislative powers of the Union and the States are traceable to Articles 245 to 254 of the Constitution. The State qua the Constitution is Federal in structure, and independent in its exercise of legislative and executive power. Therefore, if provisions of the Sarfaesi Act or the RDB Act are permitted to override the provisions of the MPID Act, then the legislative powers of the State Legislature would be denuded which would tantamount to subverting the law enacted by the State Legislature."

10.The MPID Act is a statute that is in pari materia to the TNPID Act. The constitutional validity of MPID Act was upheld by citing ***K.K.Baskaran Vs. State ((2011) 3 SCC 793).*** Since it was held therein that TNPID Act is a State legislation, the attachment made thereunder will prevail over the attachment made under PMLA Act 2002. This is the only irresistible conclusion. In ***National Spot Exchange Case***, the question was the interplay or repugnancy between MPID Act which is a State legislation and SARFAESI Act/RDB Act which are central legislations. Both SARFAESI Act/RDB Act have overriding provisions just like Section 71 of PMLA, 2002. Adopting the very same reasoning set out in ***National Spot Exchange Limited***, we hold that the attachment made under TNPID Act will prevail over the attachment made under PMLA.

11.Apart from the overriding provision in Section 14, Section 3 of TNPID Act, 1997 dealing with attachment of properties on default of return of deposits opens as follows :

> "Notwithstanding anything contained in any other law for the time being in force -.."

In PMLA Act, apart from Section 71, Sections 44 dealing with offences triable by Special Courts opens as follows :

> "Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974)..."

Section 45 and Section 57 also open on the same lines. But Section 5 of PMLA dealing with attachment of property involved in money laundering does not have a non-obstante clause. If Section 71 of PMLA which is an overriding provision was considered to be sufficient to ensure primacy of the PMLA provisions, there was no need for incorporating non-obstante clauses in Sections 44, 45 and 57. Having incorporated the non-obstante clauses in specific provisions, the omission to do so in the case of attachments appears to be deliberate and significant. The overriding provisions ie., Section 71 of PMLA and Section 14 of TNPID Act can be taken to have cancelled out each other. An attachment passed under TNPID Act has the shield of non-obstante clause. The attachment order under PMLA is lacking in such armoury. Therefore, the attachment orders passed under PMLA in respect of the subject properties shall not come in the way of the court from proceeding further.

12.Though it might appear as if two special enactments are locked in combat on account of incorporation of overriding clauses in both, the face-off is only between particular provisions occurring in them. What would tilt the scales would be their comparative potency and power. Viewed in this perspective, Section 3 of the TNPID Act being armed with a non-obstante clause would prevail over Section 5 of PMLA which is bereft of it.

13.We, therefore, reject the stand taken by the second respondent. We would have straightaway directed the Special Court to proceed with O.A No.2 of 2020 on a day-to-day basis and give a disposal by liquidating the attached assets so that the dues payable to the depositors can be settled at the earliest. But there is one impediment. Admittedly, the financial establishments are registered companies and they are under the process of liquidation. Section 446(1) of the Companies Act, 1956 states that when a winding up order has been made or the Official Liquidator has been appointed as provisional Liquidator, no suit or other legal proceeding shall be commenced, or if pending at the date of the winding up order, shall be proceeded with, against the company, except by leave of the Tribunal and subject to such terms as the Tribunal may impose. It appears that the Company Court had already passed an order for transfer of the proceedings from the Special Court to itself.

14.We, therefore, request the Company Court to liquidate the attached assets. The attchments effected under PMLA will not come in the way. The liquidator has also informed the Court that she is ready to get along with the sale process. The promoter as well as some of the intervenors expressed their apprehension that this process may have a cost factor. Since the proceedings are composite in nature, the benefit under the TNPID Act may be extended to the depositors. If the sale takes place under the said statute, there may not be any fee payable to the liquidator. We would request the learned Company Court Judge to show indulgence so that the expenses are kept to the bare minimum. The company court can engage the services of the revenue authorities also, if necessary. The endeavor may be to ensure that within the next few months, the poor depositors are able to see the colour of the coin.

15.This writ petition stands disposed of accordingly. No costs. Consequently, connected miscellaneous petition is closed.

**(G.R.SWAMINATHAN, J.) & (V.LAKSHMINARAYANAN, J.)**

**25th August 2026**

NCC : Yes / No
Index : Yes / No
Internet : Yes / No
PMU/skm

**To:**

The Competent Authority
and District Revenue Officer,
Chennai District, Chennai – 600 001.

**G.R.SWAMINATHAN, J.**

**AND**

**V.LAKSHMINARAYANAN, J.**

PMU/skm

**W.P.(Crl.)No.1221 of 2026**

**25.08.2026**